

Chairman Porter and members of the Subcommittee, let me begin by thanking this Subcommittee for its support of our anti-fraud efforts and for the opportunity to discuss the Social Security Administration (SSA), Office of the Inspector General's (OIG) FY 2000 budget request. In addition, I will highlight several cross-cutting issues that affect those OIGs that fall under the umbrella of this Subcommittee. Finally, I plan to briefly update this Subcommittee on our progress in meeting the reporting requirements that were included in our FY 1999 appropriation language.

Fiscal Year 2000 Budget Request

The Social Security Independence and Program Improvements Act of 1994 created an independent SSA OIG with its own statutorily appointed Inspector General (IG). The OIG's mission is to improve SSA's programs and operations and protect them against fraud, waste, and abuse. To fulfill this mission, the OIG conducts independent and objective audits, evaluations, and investigations. In FY 1996, during the first full year of the OIG's existence, Congress appropriated \$25.8 million, and SSA provided us with 247 full-time equivalent (FTE) positions. By FY 1998, our appropriation had increased to \$48.4 million, and our staffing levels increased to 411 FTEs. This Subcommittee's support combined with the FTE positions provided by the Commissioner of Social Security has enabled us to increase our investigative force and audit productivity, which in turn resulted in an increase in our monetary accomplishments.

Our FY 1998 statistical accomplishments reflect the infusion of these additional investigative and audit resources. In FY 1998, our investigators opened 6,291 cases and secured 2,762 criminal convictions. We also reported \$94.2 million in fines, judgments, scheduled recoveries

and restitution of SSA and non-SSA monies. These figures represent a marked increase in our investigative monetary achievements. In addition, our auditors substantially increased the number of audit and evaluation reports issued annually. In FY 1998 alone, we issued 56 audit and evaluation reports with recommendations that approximately \$2.1 billion in Federal funds could be put to better use. These investigative and audit accomplishments well surpassed our FY 1998 appropriation of \$48.4 million. In addition, we presided over the expansion and maturation of the SSA Fraud Hotline, which has become one of the largest Hotlines in the Federal Government.

In FY 1998, we also formed an Office of External Affairs that has a two-fold purpose. The first, to communicate OIG's anti-fraud efforts to the Commissioner of SSA, the Congress, and other entities, including the public. The second, to perform quality reviews and inspections of our own internal operations to ensure that the OIG holds itself to the same rigorous standards to which it holds SSA. This quality focus also includes professional responsibility investigations where we investigate the few instances of allegations of fraud or misconduct against an OIG employee. We are committed to ensuring that our employees hold themselves to the highest standards of conduct.

To support SSA's goal of making SSA program management the best in business with zero tolerance for fraud, our FY 2000 budget submission includes a request for \$66 million and 536 FTE positions. This is a \$10 million increase in the amount authorized for FY 1999 and 74 additional FTEs. These resources will allow us to absorb the funding for the SSA Fraud Hotline, which is currently under SSA's administrative appropriation. It will also allow us to expand two

investigative initiatives: Cooperative Disability Investigation teams and our fugitive felon work each of which is described below.

- The Cooperative Disability Investigation teams are composed of staff from OIG, SSA, State Disability Determination Services, and local law enforcement. These teams focus on preventing ineligible applicants from improperly receiving disability benefits at the application stage. In FY 1998, these teams documented \$41,508 in restitution and scheduled recoveries to SSA and \$2.9 million in SSA program savings. These figures are a fraction of what we expect to report in the future as we expand their number nationwide.
- Our fugitive felon project identifies Supplemental Security Income (SSI) recipients in “fugitive” status, which as a result of the Personal Responsibility Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) are ineligible for SSI. Our past efforts in this area were a labor intensive, manual matching process. Beginning in June 1999, we will conduct computer matches of SSI data against major data bases in the law enforcement community such as the National Crime Information Center, the United States Marshals Service, the Federal Bureau of Investigation (FBI) and State criminal justice agencies. We anticipate this will result in a significant increase in the number of investigative cases involving SSI program fraud and considerable savings through termination of benefits.

Although we will be dedicating most of our resources to investigative operations, there are several cross-cutting issues that affect both our audit and investigative work. I believe these issues also affect the other Inspectors General testifying today. These issues are

- Social Security number (SSN) Misuse;

- the Government Performance and Results Act (GPRA);
- Information Security; and
- Statutory Law Enforcement Authority.

SSN Misuse. SSN misuse is a pressing concern facing us. SSN misuse accounts for almost 40 percent of the allegations we receive and 72 percent of our criminal convictions. In FY 1997, we received 7,867 SSN allegations, and, in FY 1998, we received 10,915 such allegations. We expect this trend to continue in FYs 1999 and 2000.

One type of SSN misuse is identity fraud. Identity fraud affects the entire IG community, as it encompasses a host of crimes ranging from the unauthorized use of a credit card to the comprehensive takeover of another person's identity. For this reason, this issue is critical not only to SSA, but to all Federal agencies.

The FY 1998 Semiannual reports prepared by the other IGs on today's panel describe the prominent role SSN misuse plays in their investigative operations. For instance, the Department of Labor's OIG reported a significant increase in the number of cases involving the fraudulent collection of Unemployment Insurance benefits by illegal aliens using counterfeit or unissued SSNs. The Department of Education's OIG identified a number of investigations in which loans were obtained fraudulently through the use of false SSNs. The Railroad Retirement Board's IG reported that an individual was using a false identity to avoid reporting requirements for SSA and Railroad Retirement Board disability. In our efforts to attack identity fraud, we are developing partnerships with other OIGs as well as the Secret Service, the Immigration and Naturalization Service, the FBI, the U.S. Postal Service, and the U.S. Marshals Service.

Government Performance and Results Act. GPRA requires that all Federal agencies develop 5-year strategic plans and annual performance plans and reports. Agencies must ensure that their plans: (1) present a complete picture of intended performance; (2) clearly articulate the strategies and resources to be applied in achieving the stated performance goals; and (3) provide assurances that the data used to measure performance will be accurate, complete, and credible. It is within the GPRA context that we address such issues as the accuracy of benefit payments, which is a common theme among Department of Health and Human Services, Department of Labor, and Railroad Retirement Board programs. Each OIG has an important role in objectively reviewing its agency's measures to ensure that the performance measures reported are accurate and that services are being delivered as Congress intended.

In FY 1999, we accelerated our hiring of audit professionals to specifically focus on GPRA. We will continue to report our results to assist this Subcommittee and the Congress in monitoring GPRA's success.

Information Security. Because of the confidential nature of data contained in information systems Government-wide, all Federal agencies must ensure that their information systems are safeguarded against unauthorized access or use. Federal agencies collect, store, and protect more information today than ever before, and changing technology has brought about new methods of transferring and storing information. New methods, such as electronic mail and the Internet, have expedited the flow of information. While this has had a positive effect on how we do business, it has caused serious concern among our specific IG community because we maintain Privacy Act-related sensitive data.

For IGs, it is critical for us to ensure that their agencies have appropriate safeguards and security measures in place to reduce the vulnerabilities to unauthorized access and use. In order to accomplish this, however, IGs must have staff with the necessary technical expertise to review these complex systems and sophisticated technologies. A common concern for all IGs today is the daunting challenge of hiring staff since we are competing with the private sector for the best-qualified information technology professionals

Statutory Law Enforcement Authority. For several years, the IG community has sought law enforcement powers commensurate with their duties and responsibilities. The Department of Justice has recognized our need to carry firearms and execute arrest and search warrants. In fact, for the past few years the Department of Justice has authorized many OIG agents to be deputized as special deputy U. S. Marshals. This deputation provides the authority for OIG agents to carry firearms, make arrests, and serve search warrants. The enactment of statutory law enforcement authority for OIG Special Agents will not in reality confer any new authority. It will, however, eliminate a costly and burdensome administrative process for OIGs and the Department of Justice, clarify the law enforcement authority for OIG Special Agents, and contribute greatly to OIGs' ability to carry out their mission under the IG Act of 1978, as amended. In short, statutory enforcement authority would allow OIG Special Agents to strike harder at Social Security fraud.

Some OIGs have statutory law enforcement authority, but none of us here today are included in that very small group. We are with the majority of OIGs who remain dependent on the Department of Justice for additional authority. I believe the Inspectors General represented here today would be better equipped to serve the American public if we had statutory law enforcement authority.

Congressional Reporting Requirements

I would also like to discuss our on-going efforts to meet the new reporting requirements included in our FY 1999 appropriations bill. We are working with SSA to establish new, and modify existing, systems to better track the status of our audit recommendations. We are also meeting with the other OIGs represented here today to reach a consensus on the types of information our Semiannual reports should contain.

Finally, I am pleased to report that we are making progress in this area on the investigative side. We have coordinated with the Department of Justice to obtain information on criminal restitution debt collections for SSA. We are also reviewing available Department of Justice civil data, and are working with SSA to determine how reporting systems can be modified to accommodate the financial reporting of recoveries. We will continue to keep this Subcommittee apprised of our progress.

Again, I would like to thank the Subcommittee for its continued support. I am sure that with the approval of our FY 2000 budget request, this OIG will continue to deliver innovative products, significant investigative outcomes, and timely reports to the Congress.

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